



CLEAN WATER ACTION

CONNECTICUT

Testimony of Roger Smith, New England Energy Program Director, Before the Energy & Technology Committee March 7, 2011

Testimony regarding Raised H.B. No. 6544 AN ACT CONCERNING ENERGY EFFICIENCY.

Clean Water Action is an environmental non-profit with 24,000 Connecticut members. We have worked on energy-related issues in Connecticut since 1998, and have worked to support renewable energy and energy efficient at the state and municipal level.

Clean Water Action was appalled to learn in last fall's Enhancing Agency Outcomes report that state energy costs increased 60% in four years to approximately \$200 million despite an overall stabilization in the cost of energy. We were surprised to learn many state buildings perform extremely poorly in EnergyStar benchmarking against their peers, and that the state has taken no action to implement executive orders requiring energy reductions from state facilities. It is inexplicable that the state government has barely made use of the CT Clean Energy Fund and CT Energy Efficiency Fund programs. The state of Connecticut should lead by example, not serve as a cautionary tale.

To fix this we strongly support the recommendations in section 6 that would establish a streamlined statewide performance contracting program. The US Department of Energy has consultants and other resources available to help Connecticut create and implement such a program, which already exists in neighboring states like New York and Massachusetts.

The benefit of performance contracting for state and local government is that it promotes comprehensive heating and electric upgrades, that the cost of the upgrades is paid for through the energy savings. With a properly written contract, a third-party energy service company assumes the financial risk if expected energy savings are not achieved, rather than taxpayers.

The legislature should require the CT Energy Efficiency Fund, together with OPM/ a new energy office create a standardized performance contracting program that all public entities, including municipalities, can access. The language is currently inconsistent, referring to local government in some sections but not others. We have helped advise municipal governments on performance contracting and have learned that for many smaller governments the complexity of the process and lack of guidance from a trusted state entity are the biggest barriers that keep them from moving forward. This program would give towns one more option to cut their energy costs.

The statewide program should include a standard process, model contracts, and pre-approval of performance contracting companies. By creating this state can reduce the transaction costs of entering into such contracts, protect public entities from risks associated with poorly drafted contracts, and benefit both state and municipal government. The costs of creating such a program is minimal compared, with start-up costs to be borne by the Efficiency Fund and ongoing costs of technical assistance for towns and the state be paid for out of the performance contracts themselves. These minor administrative costs compare to the potential to save tens of millions of dollars annually in state energy costs and far more money at the municipal level.

With such a program in place, **we urge the legislature to require OPM and DPW to significantly reduce the energy usage of all state buildings and for performance contracting to be the preferred mechanism to achieve these reductions.**